

DEPARTMENT OF  
 PUBLIC HEALTH AND HUMAN SERVICES



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To: Representative Bill Glaser  
 Montana House of Representatives

From: John Chappuis, Deputy Director  
 DPHHS

Subject: Additional explanation for DPHHS supplemental needs in HB 3

At your request I am providing this information to further explain and summarize our needs for a supplemental appropriation as requested in HB3. I have provided you with the Department's budget status report which details each appropriation and expenditure at second level. The following information provides specific reasons for the items in our supplemental request.

1.	Federal cost shifts due to shifts in the matching percentages to Medicaid and in Child Support Enforcement programs resulted in a general fund shortfall. The federal medical assistance percentage for Medicaid fell below the budgeted 70% level to 69.21% accounting for over \$6 million of this cost shift. This change is based on economic conditions in Montana as compared to the nation as a whole and cannot be accurately forecasted over 1 year in advance. Similar percentage changes also affect the child support enforcement division and overall administrative funding characteristics.	\$ 8,070,002
2.	Another Federal cost shift relative to the federal deficit reduction act removed federal funding for targeted case management functions for child protective services workers in the Child and Family Services Division. The Department had gained approval for this funding in 2003 and had no reason to believe that this funding would not be available in 2007.	\$ 900,000
3.	The personal services budget was affected by an increase of 36 FTE and salary increases for nurses, psychiatrists, and a few other specialties at the Montana State Hospital (MSH) in Warm Springs. In FY 2006 the patient census in MSH rose to over 200 persons per day. In fact, the highest daily census level was 217 per day. The Department requested and gained approval from OBPP for 36 modified FTE to provide adequate care for patients at MSH at the higher	

	<p>census level. In addition, MSH was experiencing difficulty in recruiting staff nurses, psychiatrists, and a few other specialties. The Department was given approval to raise salaries for nurses, psychiatrists and some other specialties. The Department considered these actions necessary for appropriate patient treatment and for patient safety. Salary increases were necessary for adequate recruitment and retention of professional level direct care staff in the Deer Lodge valley. When the 2005 legislature adjourned the MSH daily census was within licensed levels with adequate staffing and this need for new staff and an increase in certain staff salaries could not be foreseen.</p>	\$ 4,674,364
4.	<p>The personal services budget was affected by requirements for overtime based on federal survey requirements at the Montana Developmental Center (MDC) in Boulder. In early fy 2006 a federal survey made a finding of "immediate jeopardy" related to client on client incidents which involved staff interventions to assure client safety. The survey recommended that staff who intervene in such an incident be placed on administrative leave during formal investigation of the incident. This forced MDC to incur costs for overtime to temporarily replace the staff person placed on administrative leave. "Immediate jeopardy" designation would result in a loss of both Medicaid and Medicare funding if corrective action, as prescribed, is not implemented. Federal Medicaid funding at MDC totals over \$10 million per year. This could not be foreseen in 2005.</p>	\$ 1,603,291
5.	<p>The personal services budget was affected by the hiring of 11 additional child protective services (CPS) staff in the Child and Family Services Division. In addition, the Department was affected by the resolution of a labor dispute with CPS and APS workers.</p>	\$ 333,634
6.	<p>Net decreases in Medicaid, Child &amp; Family Services Caseloads, and other programs. Many DPHHS programs are affected by the economic conditions in the state. This includes Medicaid which is our largest program. The monthly census in Medicaid has been dropping from a high of over 84,500 to 78,600 now.</p>	(\$ 4,185,055)
7.	<p>Public Health funds were expended for a public health emergency related to a anti-biotic resistant strain of TB and to purchase sufficient stores of tamiflu for Montana should an avian flu emergency develop.</p>	\$ 218,000
8.	<p>The Department reduced administrative expenditures for personal services, supplies, travel, and equipment. The Department delayed all hiring for an additional 30 days, restricted supplies, travel, and equipment to those levels absolutely necessary to the needs of our operations.</p>	(\$ 659,523)
	Total Requested Supplemental	\$ 10,954,714

I am hopeful that the information given to you in the budget status report and in the table as shown above will meet your needs for information related to our supplemental request in HB 3. If you have a need for further information on this request, please let me know and will provide that. Thank you for the opportunity to further explain our need for a supplemental.